

CHAPTER 6

ESTABLISHMENT OF CHARGES FOR RENTAL QUARTERS AND RELATED FACILITIES

A. GENERAL

1. This chapter:

a. Contains DoD procedures for implementing OMB Circular A-45 (reference (hh)) and for setting and administering rents for quarters and charges for related facilities supplied by the Department of Defense.

b. Encompasses civilian employees of the Federal Government, members of the Uniformed Services, foreign nationals occupying quarters under authorities other than the "Arms Export Control Act" (AECA) (Pub. L. No. 90-629(1968), reference (iii)) (military and civilian), and all nongovernment personnel occupying DoD-owned or controlled housing located within the United States. It does not apply to Military Assistance Advisory Group (MAAG) quarters or foreign nationals occupying quarters under authority of the AECA (reference (iii)). Pricing requirements for DoD services, including quarters, which are provided under authority of the AECA (reference (iii)) are contained in Volume 15 of DoD 7000.14-R (reference (jjj)).

2. Rental rates for Government quarters and charges for other facilities made available in connection with the occupancy of quarters on a rental basis "shall be based on the reasonable value in the circumstances under which the quarters and facilities are provided, occupied, or made available." (See 5 U.S.C. 5911, reference (kkk)). Rents and other charges may not be set so as to provide a housing subsidy, serve as an inducement in the recruitment or retention of employees, or to encourage occupancy of existing Government housing. (See 5 U.S.C. 5536, reference (lll)).

3. Although quarters operated by DoD Components in foreign countries are not subject to OMB Circular A-45 (reference (hh)), fair economic charges for all housing rental units owned or controlled by the Department of Defense shall be established. The principle of comparability established by this chapter shall be followed in establishing housing rents and charges in foreign countries, where appropriate.

4. Rental quarters exclude the following:

a. Public quarters assigned to members of the Uniformed Services instead of a BAQ or to appropriated fund civilian employees in foreign countries instead of housing allowances. (See 5 U.S.C. 5912, reference (mmm)).

b. Quarters available for occupancy to personnel when forfeiture of a portion of per diem travel allowance is involved.

c. Privately-owned Wherry housing.

d. Parking facilities, including utility connections, provided to members of the Uniformed Services for house trailers and mobile homes not owned by the Government.

e. Guest houses, TLFs, and related facilities when used by active duty and retired military personnel and dependents, authorized civilian employees and dependents, and spouses or relatives of active duty personnel confined to hospitals. TLFs, guest houses, and related facilities are considered “rental quarters” when occupied by all others.

f. Unaccompanied personnel housing occupied by a member of the Uniformed Services on a permanent change of station (i.e., from time of official notification until arrival at new duty station to include time it takes to find permanent housing).

g. Unaccompanied personnel housing occupied by an active duty military member in a leave status and retired military personnel, at the discretion of the installation commander. (See Chapter 5, subparagraph A.3.h.(3), regarding length of stay for military members on leave.)

5. In accordance with OMB Circular A-45 (reference (hh)), this chapter does not apply in the following instances:

a. When employees attend training programs at Federal or private facilities and the cost of housing is factored into the program cost to the DoD Component concerned or through other means, so long as the per diem rate (or actual expense allowance) paid the employee is set to reflect the fact that the housing is provided at no cost to the employee. In other than training situations when employees are receiving per diem (or actual expense allowance) and occupying Government housing, the per diem paid the employees is set to reflect the fact that the housing is provided at no cost to the employee.

b. When employees are receiving a remote work site commuting allowance, in accordance with 5 U.S.C. 5942 (reference (nnn)), and housing is provided at no cost to the employees, the allowance paid shall consist of factors other than the housing cost portion of the allowance.

6. An employee or a member of the Uniformed Services shall not be required to occupy quarters on a rental basis, unless the DoD Component concerned determines that necessary service cannot be rendered or that property of the Government cannot be protected adequately otherwise. (See 5 U.S.C. 591 1(e), reference (kkk)).

B. PROCEDURES

1. Appraisals and Cyclical and Annual Adjustments

a. The procedures for conducting an appraisal, determining rents and charges for rental quarters,- and periodically adjusting charges for rental quarters and related facilities, including utilities and other services, shall be in accordance with OMB Circular A-45 (reference (hh)).

b. The DoD Components may either negotiate for and retain the services of professional contract appraisers or employ professional staff appraisers to establish rents and charges. To avoid potential conflicts of interest, do not assign occupants of rental quarters or their subordinates to perform appraisals or serve as members of regional survey teams used to recommend rents and other charges.

c. Utilities and other services do not include telephone service. Occupants are responsible for personal telephone service.

2. Family Housing Units Designated as Substandard. When family housing units designated as substandard are occupied by members of the Uniformed Services and their dependents, the amount of the fair market rental value of the housing unit shall be charged against the member's basic allowance for quarters except that such charge may not be in an amount in excess of 75 percent of the member's BAQ. (See 10U.S.C. 2830, reference (000).) Rental rates and other charges incident to the occupancy of substandard quarters on a rental basis by members of the Uniformed Services shall be established in accordance with procedures for those quarters in OMB Circular A-45 (reference (hh)). When substandard units are occupied by other than members of the Uniformed Services and their families, full rents and charges shall be collected from the occupants.

3. Instances of Hardship

a. When dependents of a member of the Armed Forces who dies in line of duty are occupying adequate Government family housing other than on a rental basis on the date of the member's death, they may be allowed to continue to occupy such housing without charge for a period of 90 days. (See 37 U.S.C. 403(1)(1), reference (t).)

b. When dependents of a member of the Armed Forces who dies in line of duty are occupying substandard Government family housing on the date of the member's death, they may be allowed to continue to occupy such housing at the same charge for a period of 90 days. (See 37 U.S.C. 403(1)(2), reference (t).)

c. In certain hardship cases when continued occupancy of public quarters by former Uniformed Service members and dependents is permitted, either an amount equivalent to the member's full BAQ and other housing allowances (i.e., variable housing allowance, etc.) or the reasonable value of the quarters shall be charged for such periods of time as properly maybe allowed in each particular case. Occupancy of quarters in such instances normally will not exceed 60 days. (See OMB Circular A-45, reference (hh).)

d. Former Federal employees (or other occupants) and dependents, or dependents of deceased Federal employees (or other occupants), may continue to occupy Government-furnished quarters for a period normally not to exceed 60 days. Such occupant shall continue to pay the established rental rate for those quarters. (See reference (hh).)

e. Occupancy of quarters beyond the 90 or 60 days mentioned above may be extended on a case-by-case basis, as determined by the installation commander. In such

instances, the occupant shall pay rents and charges in accordance with this Chapter and reference (hh).

f. From the date of separation, former members remaining in military family housing as a transition benefit shall pay rental charges equivalent to the VHA and the BAQ for that locality and their rank. In cases of hardship, installation commanders may, under regulations issued by the Secretaries of the Military Departments, waive all or any portion of such charge.

4. Charges for Mobile Home Spaces

a. In accordance with 37 U.S.C. 403(k) (reference (t)), charges for mobile home spaces provided members of the Uniformed Services for mobile homes not owned by the Government shall be established in an amount sufficient to:

(1) Cover the cost of maintenance, services, and utilities. Utilities shall be prorated unless individually metered.

(2) Amortize the cost of construction of the facility over a 25-year period beginning with the completion of such construction by dividing the cost of construction by the number of spaces divided by 300.

(3) Amortize the cost of major repairs or improvements over 25 years, as above.

When the cost of construction or repair and improvements are amortized for 25 years, the charge shall be dropped.

b. When such facilities are provided to other than members of the Uniformed Services and their families, full rents and charges shall be collected from the occupants. (See OMB Circular A-45, reference (hh).)

5. Rental Rates and Charges for Foreign Nationals. Rental rates for quarters and charges for related facilities supplied by the Department of Defense to foreign nationals (military and civilian) under authority of the AECA shall be established in accordance with the pricing requirements of Volume 150f DoD7000.14-R (reference (jjj)). When quarters are provided under other legal authorities, rates shall be set in accordance with this Chapter unless the applicable authorizing legislation provides for an alternative pricing procedure. In that case, the providing DoD Component shall document the alternative legal pricing requirement, bill in accordance with it, and retain applicable documentation for audit.

6. Personnel on Leave. Personnel on leave shall continue to be charged for quarters and related facilities, unless permitted to vacate and make the quarters available for assignment to others.

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7. Appraiser’s Report and Certificate. A full record of the findings and recommendations of the appraiser or survey team, as well as documentation to justify administrative adjustments, should be retained locally by the installation for audit and review purposes.

8. Disposition of Collection for Rents and Charges. Receipts from rents and other charges imposed pursuant to this Chapter shall be credited to the following accounts:

<u>Type of Facility Rented</u>	<u>Account To Be Credited with Receipts</u>
a. Family Housing, including mobile home parking facilities.	Family Housing Management Account of DoD Component concerned (see 10 U.S.C. 2831, reference (ppp)).
b. Quarters not included in a., above (e.g., UOPH,UEPH), including quarters operated by welfare and recreation activities (see DoD Directive 1015.6, reference (eee)).	
(1) Shelter Rent	General Fund Proprietary Receipt Account 3210, “Defense Military Not Otherwise Classified,” under a citation that includes the appropriate Military Department or DoD two-digit prefix symbol.
(2) Utilities and Related Services	Appropriation reimbursement to the operation and maintenance-type account financing the cost of utilities.
(3) Nonappropriated Fund Services Account	Applicable nonappropriated fund.